

2010 Special Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 3659 **STATUS:** A Engrossed
SUBJECT: Establishing the Temporary High Risk Pool Program
GOVERNMENT UNIT AFFECTED: Office of Private Health Partnerships, Oregon Health Authority
PREPARED BY: Kim To
REVIEWED BY: John Britton, Susie Jordan
DATE: February 9, 2010

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES: See Analysis		

EFFECTIVE DATE: On Passage

INTERIM JOINT COMMITTEE ON WAYS AND MEANS: The budgetary impact of this bill was not reviewed and approved by the Interim Joint Committee on Ways and Means Committee and is not included in the omnibus budget bill to be introduced by the committee.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: Under some versions of federal health care reform, federal grants for state temporary high risk pool programs may be added to provide a safety net of coverage for individuals who cannot obtain affordable coverage in the individual market. The anticipated national temporary high risk pool program grants would be administered by the Secretary of the U.S. Department of Health and Human Services through contracts with state high risk pool programs. House Bill 3659 would better position Oregon to take advantage of this potential federal funding by establishing a separate fund in preparation for this potential new eligibility category. Note that this measure only becomes operative upon receipt of the approval from the United States Secretary of Health and Human Services.

House Bill 3659 establishes the Temporary High Risk Pool Program Fund to consist of (1) federal moneys to administer the Temporary High Risk Pool Program and pay health insurance premiums for enrollees in the program; (2) premiums paid to the Oregon Medical Insurance Pool (OMIP) Board by enrollees in the Temporary High Risk Pool Program; and (3) moneys appropriated to the Fund by the Legislative Assembly. The bill creates the Temporary High Risk Pool Program. The measure permits the Oregon Health Authority to seek approval from the United States Secretary of Health and Human Services to obtain federal funding for the Program. To ensure that enrollment in the new eligibility category would be limited to the federal funds available, the Program becomes operative upon the receipt of approval from the United States Secretary of Health and Human Services. The Program is repealed on January 2, 2016. The bill directs the OMIP Board to administer the Program.

OMIP is the state's high risk health insurance pool, administered by the Office of Private Health Partnerships, which is part of the Oregon Health Authority. The program currently insures about 15,000 lives for those that fall into any of the following three categories of eligibility:

1. those who are unable to obtain commercial medical insurance because of pre-existing health conditions;

2. those who are eligible for portability coverage but have no access to a commercial Oregon portability plan; and
3. those who are eligible for an 80% federal Health Coverage Tax Credit (HCTC) because they lost their employment due to foreign trade or their company declared bankruptcy and the individuals fall under the Pension Benefit Guarantee Corporation (PBGC).

OMIP enrollees' premium payments cover about 50% of the program's medical and drug claim costs. Commercial insurance companies conducting business in Oregon pay the remaining 50% through an assessment. OMIP contracts with a Third Party Administrator (TPA) to process applications, enroll new members, pay claims, provide a statewide provider network, and conduct care management and utilization control programs.

The Office of Private Health Partnerships estimates that passage of this bill would position the state to be able to take advantage of approximately \$50,000,000 in Federal Funding for enrollees who qualify under the Temporary High Risk Pool Program. Passage of this measure would not require any additional state funds. The Federal Funds revenue of \$50,000,000 would be received over the course of the 2009-11 and 2011-13 biennia. The Federal Funds (\$10,980,000 in the 2009-11 biennium and \$39,020,000 in the 2011-13 biennium) would be combined with premiums (\$7,920,000 Other Funds in the 2009-11 biennium and \$28,145,574 Other Funds in the 2011-13 biennium) collected from the enrollees totaling \$18,900,000 Total Funds in the 2009-11 biennium and \$67,165,574 Total Funds in the 2011-13 biennium. This additional funding would expand coverage to approximately 2,000 enrollees per month during the 2009-11 biennium and by approximately 2,400 per month during the 2011-13 biennium.

If Congress appropriates funding for this new program prior to the convening of the 2011 Legislative Session, the Oregon Health Authority could appear before the Emergency Board for Federal and Other Funds expenditure limitations.